

**EAST GRINSTEAD
TOWN COUNCIL**

*Statement of Unaudited Accounts for the Year Ended
31st March 2011*

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East Grinstead Town Council

Statement of Accounting Policies

31st March 2011

General

This council is defined as a 'smaller body' under the Accounts and Audit Regulations 2011 which require the completion of an Annual Return which comprises 'inter alia' an external audit report. These unaudited financial statements have been drawn up in accordance with proper accounting practices for smaller relevant bodies as laid down in "Governance and Accountability in Local Councils - a Practitioner's Guide 2010 and, whilst not required to be statutorily disclosed, are designed to present fairly the financial position and results of operations of the council.

Capital expenditure

In accordance with the recommendations of the CIPFA guidelines this council has set a *de minimus* level of £5,000 below which expenditure is not capitalised.

All expenditure above the *de minimus* level on the acquisition, creation or enhancement of fixed assets is capitalised on an accruals basis in the accounts. Expenditure on fixed assets is capitalised, provided that the fixed asset yields benefits to the authority and the services it provides, for a period of more than one year. Fixed assets are valued on the basis recommended by CIPFA and in accordance with the statements on asset valuations principles and guidance notes issued by the Royal Institute of Chartered Surveyors. The closing balances are stated on the following basis:

- Non operational properties have been valued to Open Market Value whilst Operational properties have been valued to Open Market Value for Existing Use or, where this could not be assessed because there was no market for the subject asset, the properties were valued at Depreciated Replacement Cost, subject to the prospect and viability of the occupation and use.
- Other operational assets are included in the balance sheet at historic cost net of depreciation.

Differences arising on the valuation of fixed assets are charged to the fixed asset restatement reserve. Revaluation of fixed assets is planned at five yearly intervals, although material changes to asset valuations will be adjusted in the interim period, should they occur.

The Council's policy is to carry out a maintenance programme so that, as far as possible, its fixed assets' useful lives remain the same. As a result it is considered that any depreciation charge on the buildings would be immaterial. Therefore, in 2010/2011 depreciation was only chargeable on vehicles, plant, furniture and equipment above the *de minimus* level and on no other assets of the authority. The depreciation charge was credited against the fixed assets. Depreciation on Vehicles and Plant is calculated using the straight line method at a rate of 20%.

Amounts set aside from revenue to finance capital expenditure or as transfers to other earmarked reserves are disclosed separately as appropriations on the face of the Income and Expenditure Account and in Note 14.

Debtors and Creditors

The revenue accounts of the council are maintained on an accruals basis. That is sums due to or from the council during the year are included whether or not the cash has actually been received or paid in the year.

Cost of Support Services

The cost of management and administration which is controlled by the Finance and General Purposes Committee is allocated to all services on an agreed basis.

Reserves

The council maintains certain reserves to meet specific future expenditure. The purpose of the council's reserves is explained in note 14.

The system of capital accounting requires the establishment of two reserve accounts in the balance sheet (neither of which represent reserves which the council can use to support future expenditure):

- the fixed asset restatement account, which represents principally the balance of the surpluses or deficits arising on the periodic revaluation of fixed assets, and
- the capital financing account, which represents revenue or capital resources applied to finance expenditure of a capital nature or for the repayment of external loans and the charge of depreciation to ensure it does not impact on the amount to be met from precept.

Pension Scheme

These accounts are prepared in accordance with proper accounting practices for smaller relevant bodies (see 'General' above) which do not require the council to account for their employees' retirement benefits. This represents a change of accounting policy which means that the Pension Asset/Liability and Pension Reserve are no longer accounted for in the Balance Sheet. However, the council continues to show the funding of its own employees' retirement benefits, calculated by the actuaries as a share of the Local Government Pension Scheme, under Note 16 to the Accounts.

Risk Management and Anti fraud & corruption policies

The council is examining the major risks it faces and confirms that systems are under constant review so as to mitigate those risks.

Post Balance Sheet Events

Events between the balance sheet date and the date that the Financial Statements are approved are considered by the council in accordance with SSAP17.

East Grinstead Town Council
Income and Expenditure Account
For the Year Ended 31st March 2011

Year Ended 31st March 2010				Year Ended 31st March 2011
Net Expenditure	Note	Services	Expenditure	Income
£			£	£
72,471		Democratic Representation & Management	78,056	78,056
81,197		Corporate Management	89,995	89,995
111,197		East Court Estate	265,335	155,422
39,089		Community Support	40,384	40,384
16,509		Planning	23,287	23,287
36,421		Economic Development & Tourism	51,965	12,995
39,405		Cemetery Services	76,507	45,808
143,797		Civic Pride	160,868	47,147
80,400	[7]	Charities	80,400	80,400
<u>16,919</u>	[14]	Capital expenditure	<u>61,776</u>	<u>61,776</u>
637,405		NET COST OF SERVICES	928,573	261,372
(8,530)	[2]	Interest and Investment Income		(11,432)
(2,406)		Transfer from General Fund		36,007
<u>55,831</u>	[14]	Transfer to Earmarked Reserves		<u>(4,776)</u>
<u>682,300</u>		NET CHARGE TO PRECEPT		<u>687,000</u>

Statement of Movement on the General Fund Balance
For the Year Ended 31st March 2011

<u>Year ended 31st March 2010</u>		<u>Year ended 31st March 2011</u>
(2,406)	Transfer to/(from) the Income and Expenditure Account	36,007
<u>381,167</u>	General Fund Balance brought forward	<u>378,761</u>
<u>378,761</u>	[14] GENERAL FUND BALANCE CARRIED FORWARD	<u>414,768</u>

East Grinstead Town Council
Balance Sheet
as at 31st March 2011

	31 st March 2010				31 st March 2011
£	£	Note		£	£
			Tangible Fixed Assets		
			Operational Assets		
3,985,300		[9]	Land & Buildings	3,985,300	
<u>7,114</u>		[9]	Vehicles & Plant	<u>25,737</u>	
	3,992,414		Total Fixed Assets		4,011,037
	(510,000)	[16]	Pension Asset/(Liability)		-
	<u>3,482,414</u>		Total Long-Term Assets		<u>4,011,037</u>
			Current Assets		
23,383		[12]	Debtors	39,047	
<u>579,287</u>			Cash & Bank Funds	<u>624,425</u>	
	<u>602,670</u>		Total Assets		<u>663,472</u>
	4,085,084				4,674,509
			Current Liabilities		
(62,970)		[13]	Creditors	(87,275)	
<u>(18,335)</u>			Receipts in Advance	<u>(19,501)</u>	
	(81,305)				(106,776)
	<u>4,003,779</u>		Total Assets less Liabilities		<u>4,567,733</u>
Represented By					
	3,367,427	[14]	Fixed Asset Restatement Account		3,367,427
	625,037	[14]	Capital Financing Account		647,760
	142,554	[14]	Earmarked Reserve		137,778
	378,761	[14]	General Fund Balance		414,768
	<u>(510,000)</u>	[16]	Pension Reserve		-
	<u>4,003,779</u>				<u>4,567,733</u>

Signed..... Signed..... Signed.....
Chairman Finance & General Purposes Responsible Finance Officer Town Clerk

Date..... Date..... Date.....

East Grinstead Town Council
Cash Flow Statement
For the Year ended 31st March 2011

		Year ended 31st March	
		2010	2011
Surplus/(Loss) for the year	[4]	(2,406)	36,007
Sale of Fixed Assets			4,100
Non-cash Transactions			
Contribution to Earmarked Reserves	[4]	<u>55,831</u>	<u>(4,776)</u>
		<u>53,425</u>	<u>35,331</u>
Increase/decrease in :-			
Debtors	[12]	2,816	(15,664)
Creditors	[13]	(6,316)	24,305
Receipts in Advance		<u>6,016</u>	<u>1,166</u>
		<u>2,516</u>	<u>9,807</u>
<i>Total increase in cash and cash equivalents</i>		<u>55,941</u>	<u>45,138</u>
2. Increase in Cash and Cash Equivalents		£	£
Opening Balance		523,346	579,287
Closing Balance		<u>579,287</u>	<u>624,425</u>
<i>Movement in Year</i>		<u>55,941</u>	<u>45,138</u>

East Grinstead Town Council

Notes to the Accounts

31st March 2011

1. Section 137 Expenditure

Section 137 of the Local Government Act 1972 (as amended) enables the council to spend up to the product of £6.15 per head on the electoral roll in any one year for the benefit of the people in its area on activities or projects not specifically authorised by other powers. The total amount available for this purpose in 2010/2011 was £116,850.

Expenditure was incurred for the following purposes:

	2009/2010	2010/2011
	£	£
Revenue Community Grants	7,984	8,335
Tourist information	3,122	4,204
Civic Newsletter	4,624	4,979
	<hr/>	<hr/>
	15,730	17,518
	<hr/>	<hr/>

2. Interest on Bank Deposits

The interest figure arises from the investment of revenue balances including reserves and provisions as follows:

	Revenue	Capital & Revenue Projects	Total
	£	£	£
Bank Interest	11,432	-	11,432

3. Publicity

Section 5 of the Local Government Act 1986 requires the council to disclose expenditure on publicity. The broad details of this expenditure are:-

	2009/10	2010/11
	£	£
Civic Newsletter	4,624	4,979
Hall Facilities	1,134	2,941
Public Notices	155	0
Press & Public Relations	1,662	1,800
Town Guide	585	275
	<hr/>	<hr/>
	8,160	9,995
	<hr/>	<hr/>

4. Budget

The following shows a comparison of the budget and out-turn figures (before Depreciation adjustments) in 2010/11 analysed by cost centres.

<u>Revised Estimated - net Expenditure</u>	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
	£	£	£
Democratic Representation	78,045	78,056	(11)
Corporate Management	86,287	89,995	(3,708)
East Court Estate	120,106	109,913	10,193
Community Support	45,123	40,384	4,739
Planning	21,241	23,287	(2,046)
Economic Development & Tourism Services	38,708	38,970	(262)
Cemetery Services	46,104	30,699	15,405
Civic Pride	127,958	113,721	14,237
Charities	80,400	80,400	-
Capital & Revenue projects	57,000	61,776	(4,776)
Interest & Investment Income	(10,000)	(11,432)	<u>1,432</u>
(Total Variance for Year)			35,203
Transfer from/to General Reserves	(3,972)	36,007	(39,979)
Transfer to Earmarked Capital Reserves		(4,776)	4,776
	<hr/>	<hr/>	<hr/>
Net Charge to Precept	687,000	687,000	-
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

5. Staffing

During 2010/11 the council employed an average of 24 permanent staff, some full-time and some part-time. All administrative, professional, technical and clerical staff (APT & C) and outdoor staff are paid on nationally agreed pay scales.

The Town Clerk is paid on Town Clerk's salary scale LC4, SCP68, within a national salary scale that is agreed annually by the National Association of Local Councils and the Society of Local Council Clerks.

One officer received a salary in the band of £60,000 to £70,000 in the year.

6. Audit Fees

During the year the council paid fees to Mazars LLP the council's auditors as follows:

	2009/2010	2010/2011
Fees payable in respect of external audit services carried out by the appointed auditor	<u>£2,500</u>	<u>£2,500</u>

7. Related Parties/ Agency Income

The council had the following material transactions with related parties:

1. As part of its continuing support, the council paid a grant of £80,400 (2009/2010 £80,400) to Chequer Mead Community Arts Centre Registered Charity Number: 108890 which was formed on the 6th April 2005.
2. Transactions with the West Sussex County Council Pension Fund are detailed in Note 16 to the Accounts.
3. The council received £56,800 (2009/10 £57,657) from partnership initiatives with Mid-Sussex District Council and West Sussex County Council.

8. Operating Leases

Vehicles & Plant

Payments due to be made in 2011/12 in respect of operating leases which expire within 2 to 5 years (2009/10 £NIL) £1,134

9. Fixed Assets

	Land and Buildings £	Vehicles and Plant £	TOTAL £
Cost or Valuation			
At 1 April 2010	3,985,300	80,336	4,065,636
Additions	-	28,971	28,971
Disposals	-	(26,361)	(26,361)
At 31 March 2011	<u>3,985,300</u>	<u>82,946</u>	<u>4,068,246</u>
Depreciation			
At 1 April 2010	-	73,222	73,222
Charge for year	-	9,810	9,810
Disposals		(25,823)	(25,823)
At 31 March 2011	-	<u>57,209</u>	<u>57,209</u>
Net Book Value			
At 31 March 2011	<u>3,985,300</u>	<u>25,737</u>	<u>4,011,037</u>
At 31 March 2010	<u>3,985,300</u>	<u>7,114</u>	<u>3,992,414</u>

The following assets were acquired during the year :

- 1 x Compact Tractor & sprayer attachment
- 1 x Mitsubishi L200 4 x 4 Diesel Truck

The following assets were disposed of during the year:

- 1 x Mitsubishi L200 Truck
- 1 x Ford Transit Panel Van

10. Capital Commitments

At the 31st March 2011 there were no significant orders for future capital.

11. Information on Assets Held

Fixed assets owned by the council include:-

Operational Land and Buildings

East Court	-valued on existing use
Meridian Hall	-valued on depreciated replacement cost
Chequer Mead Arts Centre	-valued on depreciated replacement cost
Cemetery Buildings (including workshops)	-valued on existing use
Cemetery	
Old Court House	-valued on market value

Vehicles, Plant, Furniture and Equipment

Building contents

Vans - 2
Tractor - 1
Trailer - 1
Digger - 1
Dumper - 1

Infrastructure Assets

Bus Shelters - 10
Street Lights

Community Assets

East Court Playground
East Court Garden of Remembrance
War Memorials - 2
Recreation Grounds - 1
Allotment Sites - 2
Civic Regalia

12. Debtors

	31 st March 2010	31 st March 2011
	£	£
Chequer Mead Community Arts Centre	0	80
Parish Halls	2,471	3,297
Henry Smith's Charity	96	0
Sundry Debtors	20,816	35,720
	<u>23,383</u>	<u>39,047</u>

13. Creditors

	31 st March 2010	31 st March 2011
	£	£
Other Local Authorities	26,126	39,937
Sundry Creditors – Revenue	36,844	47,338
	<u>62,970</u>	<u>87,275</u>

14. Reserves

The council keeps a number of reserves in the Balance Sheet. Some are required to be held for statutory reasons, some are needed to comply with proper accounting practice, and others have been set up voluntarily to earmark resources for future spending plans.

Reserve	Balance 1 April 2010 £	Net Movement in Year £	Balance 31 March 2011 £	Purpose	Notes
Fixed Asset Restatement Account	3,367,427	-	3,367,427	Store of gains on revaluation of fixed assets	[1]
Capital Financing Account	625,037	22,723	647,760	Store of capital resources set aside to meet past Expenditure	[2]
Earmarked Reserve	142,554	(4,776)	137,778	Resources available to finance future specific projects	[3]
General Fund	378,761	36,007	414,768	Resources available to meet future running costs	[4]
Pension Reserve	(510,000)	510,000	-	To remove Pensions Liability from the Balance Sheet.	[5]
TOTAL	4,003,779	563,954	4,567,733		

Notes

- [1]. The system of accounting for local councils requires the establishment of a fixed asset restatement account which represents the change in value of assets which have been revalued or disposed of.
- [2]. The capital financing account represents revenue and capital resources applied to finance capital expenditure on fixed assets or for the repayment of external loans. It also includes the charge for annual depreciation to ensure it does not impact on the amount to be met from precept. It does not represent a reserve which the council can use to support future expenditure.

The movements on the reserve during 2010/11 were :-	£
Capital additions	28,971
Profit on sale of assets	3,562
Depreciation for the year	(9,810)
	<u>22,723</u>

[3]. Earmarked Reserves

	31 st March 2010 £	Contribution to Reserves £	Capital Receipts £	Other Contributions £	Reserves Expended £	Capital Virements £	Balance at 31st March 2011 £
Earmarked Capital Reserves							
Bank Charges	-				(129)	129	
East Court Enhancements	27,960	10,000	-		(20,782)	(5,194)	11,984
Meridian enhancements	4,000	5,000			(7,166)	(1,834)	
Civic Pride transport	3,000	17,000			(23,601)	3,601	
Snow plough					(2,295)	2,295	
Workshop area	6,000				(3,503)	(1,247)	1,250
Youth Facilities	11,000						11,000
Queens Road wall	7,500					2,250	9,750
St Swithuns wall	12,500						12,500
Parish Halls Development	51,727	25,000			(4,300)		72,427
	<u>123,687</u>	<u>57,000</u>			<u>(61,776)</u>	-	<u>118,911</u>

Earmarked Revenue Reserves

Pensions Reserve	18,867						18,867
	<u>18,867</u>						<u>18,867</u>
	<u>142,554</u>	<u>57,000</u>	-	-	<u>(61,776)</u>	-	<u>137,778</u>

The earmarked reserves are used to finance or part-finance specific projects which are part of the council's capital and revenue projects programme. To comply with FRS12 reserves for non past obligating events are included in earmarked revenue reserves set aside for future expenditure.

[4]. Statement of Movement on the General Fund Balance on P.3

[5]. The Pension Reserve has been removed from the Balance Sheet in 2010/11 and the funding of the council's pensions is fully explained in note 16 to the accounts. This adjustment does not impact upon the amount to met from precept.

15. Trust Funds

The council administers a number of Charities, namely the Chequer Mead Community Arts Centre, the Parish Halls - East Grinstead, the Sidney Betchley Charity and the Henry Smith's Charity. In accordance with previous auditors instructions the accounts of these charities are kept entirely separate from the accounts of the council and are not incorporated within the Balance Sheet.

	Net assets as at 31/03/2011
Chequer Mead Community Arts Centre Trust	£197,075
The Parish Halls - East Grinstead	£26,090
The Sidney Betchley Charity	£1
The Henry Smith's Charity	£9,550

16. Pension Schemes

East Grinstead Town Council participates in the West Sussex County Council Local Government Pension Scheme who acts as an Adminstrating Authority. The Local Government Pension Scheme is a defined benefit scheme based on final pensionable salary.

In 2010/11 the council, in accordance with the percentages advised by the actuary and shown below, paid an employer's contribution of £63,241 to the West Sussex County Council Superannuation Fund. Under pension regulations, contribution rates are set to meet 100% of the overall liabilities of the fund. East Grinstead Town Council's contribution rate over the accounting period was 16.1%. The contribution rates certified for the East Grinstead Town Council at the 31 March 2011 valuation are as follows:

2011/2012 18.1% of pensionable salary

The latest valuation has been updated by independent actuaries to the West Sussex County Council Pension Fund to take account of the requirements of FRS17/IAS19 in order to assess the liabilities of the Fund as at 31st March 2011. Liabilities are valued on an actuarial basis using the projected unit method, which assesses the future liabilities discounted to their present value.

The main assumptions used for the purposes of IAS19 are as follows:

	31st March 2010	31st March 2011
Salary increases	5.3%	5.1%
Pension increases	3.8%	2.8%
Discount	5.5%	5.5%
Rate of return on Equities	7.8%	7.5%
Rate of return on Bonds	5.0%	4.9%
Rate of return on Property	5.8%	5.5%
Rate of return on Cash	4.8%	4.6%

The Value of the West Sussex County Council Superannuation Fund Assets of which the East Grinstead Town Council Fund is a part are valued at fair value, principally market value for investments, and comprise:

	31st March 2010	31st March 2011
	£(000)	£(000)
Equities	1,229	1,369
Bonds	243	249
Property	97	124
Cash	<u>49</u>	<u>36</u>
Total	<u>£1,618</u>	<u>£1,778</u>

The proportions of total assets held in each asset type, shown above, reflect the proportions held by the Fund as a whole at 31st March 2011.

The following amounts in respect of East Grinstead Town Council were measured in accordance with the requirements of FRS17/IAS19:

	31st March 2010 £(000)	31 st March 2011 £(000)
Estimated assets in West Sussex County Council Pension Fund	1,618	1,778
Estimated Liabilities in West Sussex County Council Pension Fund ¹	<u>2,128</u>	<u>1,750</u>
Net Pension Asset/ (Liability)	<u>(510)</u>	<u>28</u>

¹The Actuaries estimate for the purposes of FRS17/IAS19 that this liability comprises approximately

	31st March 2010	31st March 2011
Employee member	£1,627,000	1,361,000
Deferred Pensions	£230,000	174,000
Pensions	<u>£271,000</u>	<u>215,000</u>
	<u>£2,128,000</u>	<u>1,750,000</u>

²It is assumed that all unfunded pensions are payable for the remainder of the member's life. On death of the member, any spouse will receive a pension equal to 50% of the member's pension at the time of death of the member.

The movement on the Net Pension Asset (Deficiency) during 2010-2011 can be broken down as follows:

	Year to 31st March 2010 £'000	Year to 31st March 2011 £'000
Opening Pension Asset (Deficit)	(216)	(510)
Employers Contribution	61	63
Current Service Cost	(57)	(91)
Expected Return on Assets	73	118
Interest on Pension Scheme Liabilities	(93)	(111)
Actuarial Gain/(Loss)	(278)	360
Past Service Gain/(Loss)- CPI/RPI	-	199
Closing Pension Asset (Deficit)	<u>£(510)</u>	<u>£28</u>

17. Further Information

Further information about the accounts, including a list of individual payments over £500, is available from the Council Offices, East Court, College Lane, East Grinstead. This is part of the council's policy of providing full information about its affairs. Interested members of the public have a statutory right to inspect the accounts before the audit is completed. The availability of the accounts for inspection is advertised in the local press.